

# City of San Bruno

San Bruno, California

*Comprehensive Annual Financial Report*

*For the year ended June 30, 2003*

City of San Bruno  
Comprehensive Annual Financial Report  
For the year ended June 30, 2003

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April 1, 2004

Honorable Mayor and Members of the City Council  
City of San Bruno  
San Bruno, CA 94066

Dear Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) for the City of San Bruno for the fiscal year ended June 30, 2003 is hereby submitted. The financial statements have been prepared by the City's Finance Department in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the data and completeness of the presentation including all disclosures rests with the City.

The City believes the data is accurate in all material respects and is presented in a manner fairly setting forth the City's financial position, results of operations, and cash flows of the various funds and account groups. Further, the City believes that all disclosures have been included that are necessary for a reader to understand the City's financial condition.

The CAFR is presented in three sections: Introductory Section, Financial Section, and the Statistical Section. Each of these sections is made up of a number of elements.

1. Introductory Section – This section includes this transmittal letter that highlights significant aspects of the City's financial operations during the year and the financial issued faced by the City as of June 30, 2003. This section also includes a list of principle officials and an organization chart.
2. Financial Section – This section includes the independent auditors' report, Management's Discussion and Analysis (MD&A) of the fiscal year, the basic financial statement and notes that explain the City's financial position and operating results, and supplementary statements, schedules, and notes that provide additional detailed information relative to the basic financial statements. This transmittal letter, read in conjunction with the MD&A, assists readers in assessing the City's financial condition.
3. Statistical Section – This section includes pertinent financial and non-financial statistical data that presents various economic, social, and demographic trends and other information about the City for the past ten years.

### REPORTING ENTITY

The CAFR for the year ended June 30, 2003 covers the activities, organizational elements, and functions that the City's elected officials have the ability to control. The City's CAFR presents financial information on actions by which the City Council has the ability to impose its will and on the component unit that provides a financial benefit or creates a financial burden. A component unit is reported either as blended because of this imposition of will and general oversight or one that is discrete and operates somewhat separately from the City.

Imposition of its will is derived from the City's power and influence, including but is not limited to:

1. Ability to modify or approve budgets,
2. Appointment of a voting majority of other governing authorities,
3. Identification of management,
4. Ability to significantly influence operations, and
5. Ability to modify, veto or overrule decisions.

The City's blended component unit includes the operations of the San Bruno Redevelopment Agency. Component Unit Financial Statements and Independent Auditors' Reports for the San Bruno Redevelopment Agency were prepared for the year ended June 30, 2003.

### **ECONOMIC CONDITION AND OUTLOOK**

The City of San Bruno is located in the San Francisco Bay Area, in the northern area of San Mateo County. It is located twelve miles south of San Francisco and adjacent to the San Francisco International Airport. Strategically located along Highway 101 and Interstate 280, the City enjoys easy access to the vast cultural, educational, and recreational opportunities of the San Francisco Bay Area.

The City's general economic outlook is closely tied to the Bay Area region and the country as a whole. For nearly all of 2002-03, Bay Area's economic trends declined, a condition made worse in the aftermath of events on September 11, 2001. All counties in the Bay Area experienced lower number of home sales during 2001, although the median prices throughout the region continued to climb.

The City's economy is currently being strained by several factors in the Bay Area: first, the high tech industry has been in a prolonged economic slump since 2002. This has had a negative impact on office rentals throughout the Bay Area. Second, the economic slump was exacerbated by the September 11, 2001 events, particularly in areas affected by the airline industry. San Bruno, adjacent to the San Francisco International Airport, has been affected directly by a 40% reduction in hotel tax revenues from the peak in 2000-01. Third, sales tax revenues have declined 11% since 2000-01. Fourth, with the overall stock market decline, the state-wide public retirement system (CalPERS) realized two years of investment losses, meaning that larger pension contributions by the City have to rise to make up the actuarial difference. Finally, as the State has struggled with its ever-widening budget gap, it has looked to local governments by taking back various revenues that historically have been granted to local governments.

One bright spot for the City has been that property tax revenues have continued to grow as a faster rate than inflation, as normal property turnover and Bay Area prices have increased assessed valuations in San Bruno.

### **MAJOR INITIATIVES**

#### **City Council Strategic Planning and Goals**

On January 26, 2000, the City Council initiated a strategic planning and goal setting process. The City Council identified relevant issues facing the City and solicited public comment on the direction and goals for City action. At another follow-up, day long session on October 10, 2002, the City Council rearticulated the following strategic goals for 2002-03:

1. Protect and enhance revenue sources for programs,
2. Aggressively implement the Redevelopment Agency Plan, with emphasis on the Downtown,
3. Develop, adopt, and proceed with the City utility and infrastructure master plans,
4. Upgrade public facilities, and
5. Improve the community's image.

## **Redevelopment Plan**

The City Council and the Redevelopment Agency of San Bruno approved the Redevelopment Plan for the San Bruno Redevelopment Area in August 1999. The Project Area, approximately 717 acres of commercial, industrial, and residential land uses in the City, consists of most of the area east of El Camino Real and the area known as The Crossing/ San Bruno (formerly the U.S. Navy Site). It includes the predominantly commercial areas along San Bruno Avenue, San Mateo Avenue (downtown), El Camino Real, and the Tanforan Park Shopping Center.

The Redevelopment Project Area was created in order to:

1. Eliminate adverse physical and economic conditions in the Project Area and enhance commercial districts,
2. Achieve redevelopment objectives for revitalization of the area and furthering the goals and objectives of the City's General Plan, and
3. Develop a pro-active strategy to respond to the significant regional transportation improvements in and surrounding the Project Area (BART, Caltrain, and the San Francisco International Airport) and to protect existing residential neighborhoods.

Redevelopment program activities began in 2002-03 to meet the long-term objectives of the Redevelopment Plan. The following programs were the focus of Agency efforts:

1. The comprehensive strategic plan for downtown San Bruno including traffic and pedestrian circulation systems and parking, street lighting, landscaping, sidewalks, and street furniture,
2. Complete construction of the joint San Bruno-BART Police Facility
3. Neighborhood improvements within the Residential Conservation Areas that included a loan assistance program, and
4. Negotiating a development agreement with the developer of The Crossings development to insure provision of low-moderate income housing within a residential development.

## **San Bruno/BART Police Facility**

Police services will be enhanced and the community better served by the opening of the San Bruno/BART Police Facility. The Police Plaza is a three-story structure with one story below grade and two stories above. The facility provides 23,200 square feet for police services and replaces a 7,000 square foot building. The building is located in the vicinity of the new San Bruno BART station at 1177 Huntington Avenue.

The San Bruno/BART Police Facility is on a site adjacent to the new BART station and parking garage and was financed by an issuance of certificates of participation. Site work and construction began in late 2000. Construction at the site was wrapping up as of June 30, 2002 and the department relocated and began operations from the facility beginning in September 2002.

## **2002 Wastewater Improvement Program**

The City Council approved a resolution in September 2001 authorizing the accumulation of Lower City and Upper City Interceptor sewer improvement projects to be included in a certificate of participation financing. Proposed Wastewater Fund capital improvements for the period 2001-04, identified in the Wastewater Master Plan and Utility Rate Study, amount to \$7,117,000, about two-thirds of the identified capital project needs for the five-years ending in 2005-06. The bond closing date was June 13, 2002.



During 2002-03, significant progress occurred on the 7<sup>th</sup> Avenue Relief Sewer Project, the Engvall Relief Sewer Project, the Lomita Park Sewer Outfall Replacement Project, and the Kains Avenue to Angus Avenue Relief Sewer Project. A total of \$4,450,000 in bond proceeds was drawn down for these projects.

### **Downtown San Bruno Improvement Project**

The Downtown San Bruno Improvement project was approved by the City Council in December 2001 as a \$575,000 project to improve key streetscape problem areas identified by area merchants. The project will result in the replacement of street trees, reengineering of the downtown storm drainage system to prevent flooding during the wet season, and removal of sidewalk bulb-outs to increase the number of parking spaces and improve street sweeping abilities. Subsequent to the project's inception, the City Council authorized an additional \$165,000 in appropriations to provide for the replacement of entryway monument sign faces, installation of decorative banner posts, and electrical wiring necessary for street tree decoration.

### **Planned Development Permit – The Shops at Tanforan Development**

The planned development permit authorizes a major remodel of the Tanforan Park Shopping Center involving several significant upgrades to the existing mall. The interior of the mall will be gutted and some modification to the internal traffic circulation will take place. The project includes the construction of two grand new entrances, a 3,500-seat multiplex movie theater, and a new parking structure. The Tanforan Park Shopping Center interior stores and department store anchors, cumulatively, are the City's largest sales tax generators.

### **Housing Element to General Plan**

State law requires that each governing body of a local government adopt a comprehensive, long-term general plan for the physical development of the jurisdiction. The Housing Element is one of the seven mandated elements of a jurisdiction's General Plan. As part of the process, an assessment must be undertaken of the housing needs of all economic segments of the community and a program must be formulated to meet those needs. The Housing Element was approved by the City Council on April 8, 2003.

### **Planned Development Permit – Marisol Homes Development**

The planned development permit authorizes the construction of 115 detached single-family residences, a playground, trail system, and extensive site landscaping on open space purchased by private developers from the San Mateo Community College District. The estimated increase in the City's assessed value as a result of this development is approximately \$74,500,000.

## **FINANCIAL INFORMATION**

### **Accounting and Budgetary Control**

The City's accounting records are maintained on a modified accrual basis of accounting for all governmental fund types and agency funds. Under this basis, revenues are recognized when susceptible to accrual, i.e., both measurable and available and expenditures are recorded when paid, and recognized when the liability is expected to be liquidated with expendable, available resources. The full basis of accounting is used for the City's proprietary fund types that recognize revenues when earned and expenses when incurred.

In developing the City's accounting system, consideration was given to the adequacy of the internal accounting controls. Such controls are designed to provide reasonable, although not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records used for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

The City's internal accounting controls adequately safeguard assets and reasonably assure the proper accounting of financial transactions.

The City's budgets (General Fund and Special Operating Funds, Enterprise Funds, and the Capital Improvement Program) are detailed operating plans that identify estimated costs and results in relation to estimated revenues. The budgets represent processes through policy decisions are made, implemented, and controlled.

### **Fiduciary Operations**

The City's fiduciary operations consist of agency funds. Agency funds are used to account for assets that are held by the City as an agency for private organizations and other governmental units. Agency funds held by the City include developers' payments for street project improvements and payments due the San Bruno Garbage Company collected from utility customers by the City's Finance Department.

### **Debt Administration**

As of June 30, 2002, the City has \$9,600,000 outstanding Certificates of Participation for the San Bruno Redevelopment Agency and \$9,800,000 outstanding Certificates of Participation issued in May 2002 for waste water system improvements. Advances from Other Funds amounted to \$2,902,600. Of this total, the General Fund has advanced \$318,700 and the Equipment Reserve has advanced \$748,900 to the Redevelopment Agency. An additional \$835,000 has been advanced to the Redevelopment Capital Project Fund and \$1,000,000 has been advanced to the Wastewater Enterprise Fund, both from the Equipment Reserve.

### **Cash Management**

The City maintains a cash and investment pool for all City funds. The City Treasurer invests funds in accordance with the Investment Policy approved by the City Council. The objectives stated in the investment policy are legality, safety, yield, and liquidity. The Investment Policy addresses soundness of the financial institutions transacting business and safekeeping investments and the types of investments permitted by the California Government Code.

City investments include obligations of the U. S. Treasury, Agencies, the State Treasurer's Local Agency Investment Fund, and the San Mateo County Pooled Investment Fund.

### **Risk Management**

The City's risk management program provides for general liability, workers compensation, and property damage loss coverage. Resources have been accumulated in the Self-Insurance Fund (an internal service fund) to fund claim losses. General liability and property insurance coverage and claims and risk management services are provided through the City's participation in the Association of Bay Area Governments (ABAG) Plan Corporation. The City is self insured for workers compensation and contracts with an outside firm to administer and adjust workers compensation claims. In addition, the City maintains an excess workers compensation policy.

## **INDEPENDENT AUDIT**

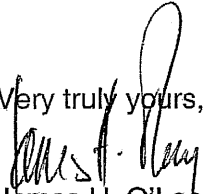
The City's Municipal Code requires an annual audit of the financial records by an independent audit firm selected by the City Council. The General Purpose Finance Statements for the year ended June 30, 2003 have been audited by Caporicci & Larson, Certified Public Accountants. The firm's opinion is included in the financial section of this report.

### ACKNOWLEDGEMENTS

This audit report was prepared in conformance with the requirements for a Comprehensive Annual Finance Report. Enhancing the City's overall financial reporting, in this instance going beyond basic audited financial statements, is an acknowledged objective for the Finance Department.

I would like to express my appreciation for the collective effort that was necessary for the preparation of the Comprehensive Annual Financial Report. I would like to thank the City Council and the various City Council Ad Hoc Committees for their interest and policy oversight on the various fiscal issues addressed during the year. In addition, the City Manager and the City's Department Heads should be acknowledged for their continued attention to planning and conducting the City financial operations in a responsible and progressive manner. Finally, I thank Caporicci & Larson, CPAs for their professional assistance in conducting the audit.

Very truly yours,



James H. O'Leary  
Finance Director

## DIRECTORY OF CITY OFFICIALS

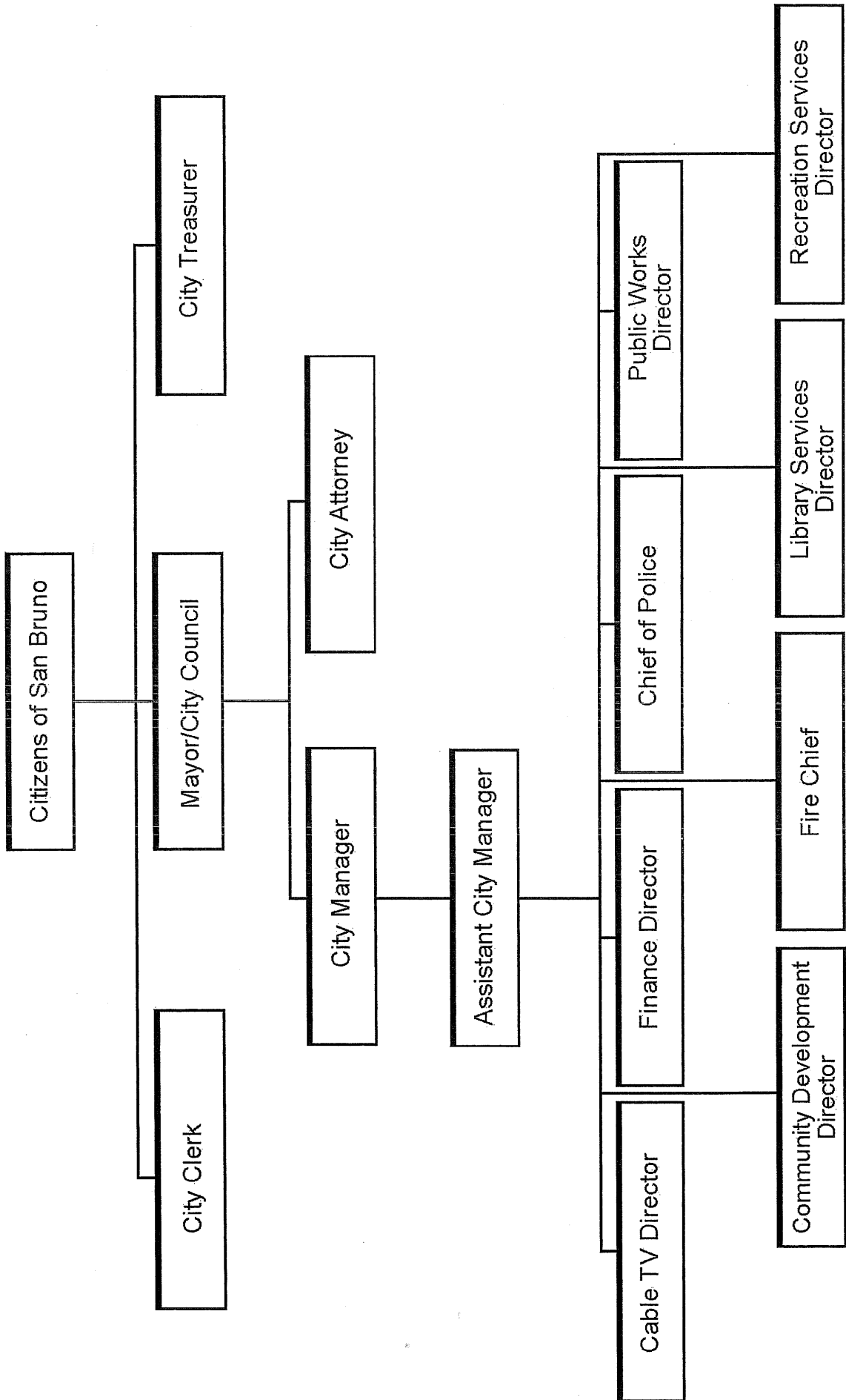
### City Council

	<u>Term Expires</u>
Larry Franzella, Mayor	November 2003
Chris Pallas, Vice Mayor	November 2005
Ken Ibarra, Councilmember	November 2005
Irene O'Connell, Councilmember	November 2003
Jim Ruane, Councilmember	November 2003

### OTHER OFFICIALS

	<u>Position</u>
Frank Hedley	City Manager
Pamela Thompson	City Attorney
James O'Leary	Finance Director
Ed Simon	City Clerk
Karen Bava Hornung	City Treasurer

# CITY OF SAN BRUNO



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of San Bruno  
San Bruno, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bruno, California (City), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the City adopted statements of the Governmental Accounting Standards Board No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*; No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; and No. 38, *Certain Financial Statement Note Disclosures*.

As described in Note 1 to the basic financial statements, the City has elected in accordance with Governmental Accounting Standards Board Statement No. 34 to defer recording and reporting of its major general infrastructure assets acquired prior to fiscal year 2002 - 2003. Recording and reporting by the City of these major general infrastructure assets is required by fiscal year 2006 - 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2003, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Honorable Mayor and Members of the City Council  
of the City of San Bruno  
San Bruno, California

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Capricci & Carson*

Oakland, California  
December 4, 2003

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information**

The City of San Bruno is required for the first time in 2002-03 to issue its financial statements in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34), which requires the City to provide this overview of its financial activities for the fiscal year. Please read the Management and Discussion Analysis in conjunction with the accompanying transmittal letter and basic financial statements.

**2002-03 FINANCIAL HIGHLIGHTS**

As the economic outlook section of the transmittal letter discussed, the City continues to be effected by a 40% reduction in hotel tax revenues and 11% decline in sales taxes from its peak in 2000-01. Combined with increased pension plan contributions and State takeaways of revenues traditionally earmarked for cities, budgetary pressures on the City continue to grow. Increases in the property tax base and the stable level of operating transfers from the City's Enterprise Funds kept general fund revenues in line with last year, however overall revenues were below budget estimates. Financial highlights of the year include the following:

- The City's total net assets decreased \$805,300 during 2002-03 to an ending June 30, 2003 balance of \$48,615,600.
- Total City revenues, including program and general revenues, were \$50,650,300, while total expenses were \$51,455,600 in 2002-03.
- Net assets in governmental activities were \$12,981,200 at June 30, 2003, while net assets in business-type activities were \$35,634,400.
- Governmental program revenues were \$21,292,500 in 2002-03. Program expenses were \$34,469,100.
- Revenues generated from business-type activities were \$18,585,600 in 2002-03. Business-type expenses were \$16,986,500.
- General Fund revenues of \$24,919,400 represented a \$2,790,700 increase over the prior year. Expenditures of \$26,011,300 were relatively unchanged compared with the prior year. General Fund trends are further examined in the Analysis of Major Governmental Funds.
- The overall General Fund balance of \$5,057,500 at June 30, 2003 represented a decline of \$466,800 from last year. The unreserved, undesignated portion of this balance is \$4,862,800.

**OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report is in six parts:

- 1) The Introductory Section, which includes the Transmittal Letter and general information,
- 2) Management's Discussion and Analysis (this part),
- 3) The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the notes accompanying these statements,
- 4) Required Supplementary Information and the accompanying notes,
- 5) Other Supplementary Information including combining statements for non-major governmental funds, internal service funds, other budgetary information, and a fiduciary statement of changes in assets and liabilities, and
- 6) The Statistical Section.



**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

**Basic Financial Statements**

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position.

The City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the City's activities are grouped into Government Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Assets and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The fiduciary statements provide financial information about the activities of Non-Obligated Assessment District, for which the City acts solely as agent.

Note 1 to the Basic Financial Statements provides a summary of the City's significant accounting policies, fund categories, fund types, and account groups.

***City-Wide Financial Statements***

The Statement of Net Assets and the Statement of Activities present information about the following:

- ***Governmental activities***—All of the City's basic services are considered to be governmental activities, including general government, fire, police, public works, parks and recreation, maintenance services, library, and economic and community development. These services are supported by general City revenues such as taxes, and by specific program revenues from grants, contributions, and fees.
- The City's governmental activities include the activities of the San Bruno Redevelopment Agency, because the City Council governs both of these entities, with services provided solely to the City.
- ***Business-type activities***—All the City's enterprise activities are reported here, including water, wastewater, stormwater, and cable television. Unlike governmental services, user fees fully support these services.

Citywide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

***Fund Financial Statements***

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities.

Fund Financial Statements include governmental, enterprise, and internal service funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Enterprise and Internal Service Fund financial statements are prepared on the full accrual basis, as in the past, and include all their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental and business-type activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City Funds. These revenues are eliminated in the citywide financial statements and any related profits or losses are returned to the Activities, which created them, along with any residual net assets of the Internal Service Funds.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major Funds that are Special Revenue Funds.

**Fiduciary Statements**

The City is the agent for an assessment district, individuals, and private corporations. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets. These activities are excluded from the City's other financial statements because on their custodial nature and do not involve the measurement of the results of operations.

**FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE**

This analysis focuses on the net assets and changes in net assets of the City's Governmental Activities (Table and Charts 1 through 5) and Business-type Activities (Tables 6 and 7) presented in the City-wide Statement of Net Assets and Statement of Activities. Since 2002-03 is the first year that the City is presenting financial activities of the City as a whole, prior 2001-02 numbers in this format are not available for comparison. In future years, when such prior year information becomes available, the City will present a two-year analysis of citywide data.

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

**Governmental Activities**

***Governmental Net Assets***

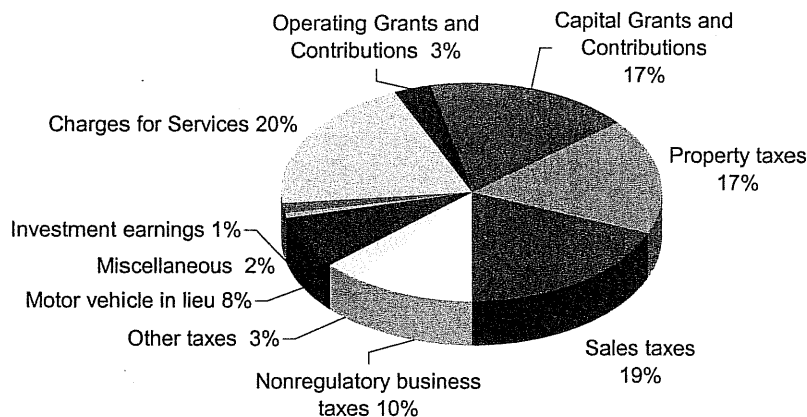
**Table 1**  
**Governmental Net Assets at June 30, 2003**  
**(in Millions)**

Cash and investments	\$ 10.1
Other assets	3.1
Capital assets	17.4
<b>Total assets</b>	<b>\$ 30.6</b>
Long-term debt outstanding	\$ 13.6
Other liabilities	4.0
<b>Total liabilities</b>	<b>\$ 17.6</b>
Net assets:	
Invested in capital assets, net of debt	\$ 6.0
Restricted	4.8
Unrestricted	2.2
<b>Total net assets</b>	<b>\$ 13.0</b>

The City's net assets from governmental activities totaled \$12,981,200. A total of \$5,953,200, about 46%, is the equity of the City's holdings in capital assets such as land, buildings, infrastructure, vehicles, and equipment. This equity figure excludes the cost of outstanding debt issued to finance the acquisition or construction of these assets and it excludes depreciation, which writes down the value of the assets over a certain recorded life. A total of \$4,866,300, about 37%, of net assets reflects cash, investments, and other assets restricted to their use by bond covenants, and state and local laws. Finally \$2,161,700, or 17% of net assets are cash, investments, and other assets that are unrestricted and can be used to finance day-to-day operations and other expenditures approved by City Council without legal or debt constraints.

***Revenues by Source***

**Chart 2**  
**Revenues by Source - Governmental Activities 2002-03**



**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

Chart 2 illustrates that property taxes made up 17% or \$5,619,000 of the \$33,010,900 in total governmental revenues. A total of \$4,356,700 of property taxes was directed toward the General Fund and \$1,262,300 toward the Redevelopment Agency. As discussed in the General Fund analysis of this report, the \$4,56,700 was 1% lower than last year. Redevelopment Agency tax receipts were \$1,058,900.

The 17% share of capital grants and contributions has as a main component \$3,627,300 in Aircraft Noise Insulation Project grants from the Federal Aviation Administration and the San Francisco International Airport. An additional \$1,489,400 in capital grants and contributions represent Gas Tax, Measure A sales Tax, and Congestion Relief Funds for street and roadway improvements.

General sales taxes of \$6,110,200 or 19% of revenues support various General Fund programs. Such taxes remained unchanged from the previous year (however, 9% below the level in 2000-01), reflecting the continuing slowdown in Bay Area retail activity.

*Change in Governmental Net Assets*

The Statement of Activities presents expenses, program revenues, and general revenues in detail. These elements effect the Change in Governmental Net Assets as follows:

**Table 3**  
**Change in Governmental Net Assets**  
**(in Millions)**

	<u>2002-03</u>
<b>Expenses</b>	
General government	\$ 3.5
Public safety	14.6
Public works	3.0
Highway and streets	2.4
Parks and recreation	4.8
Library	1.7
Community development	3.6
Interest on long-term debt	0.8
Total expenses	<u>\$ 34.4</u>
<b>Revenues</b>	
Program revenues:	
Charges for services	\$ 6.5
Operating grants and contributions	1.0
Capital grants and contributions	5.7
Total program revenues	<u>\$ 13.2</u>
General revenues:	
Taxes:	
Property taxes	\$ 5.6
Sales taxes	6.1
Nonregulatory business license tax	3.4
Motor vehicle in lieu	2.5
Other taxes	1.0
Investment earnings	0.2
Miscellaneous	0.2
Transfers	0.8
Total general revenues	<u>\$ 19.8</u>
Total revenues	<u>\$ 33.0</u>
<b>Change in net assets</b>	<u>(1.4)</u>
Net assets - beginning, as restated	14.4
Net assets - ending	<u>\$ 13.0</u>

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

A total of \$13,178,600, or 40% of the City's total governmental revenues, came from program revenues. An additional \$19,834,200, or 60% of governmental revenues, originates from general revenues such as taxes and investment earnings.

In addition to capital grants and contributions, program revenues consisted of \$6,483,400 in charges for services or fee revenues from building permit reviews, fire inspections, police services, and recreation programs. A total of \$1,018,300 in federal and state grants, public safety sales taxes, transportation sales taxes, and gasoline taxes, classified as operating grants and contributions, were directed toward various public safety, public works, recreation, and library.

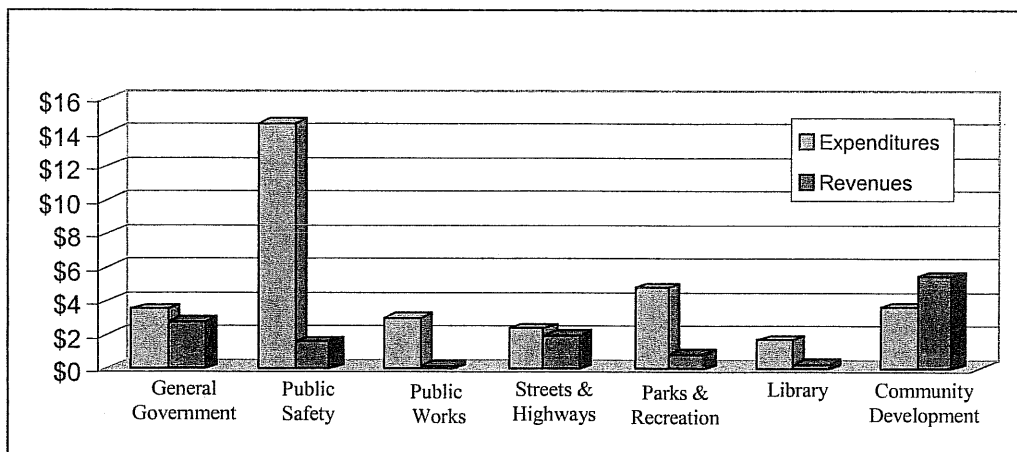
Besides property taxes, general revenues included \$6,110,200 in general sales taxes. Transient occupancy (hotel) taxes (\$870,000), motor vehicle in-lieu taxes from automobile registrations (\$2,542,700), franchise, business license, parking and other taxes (\$3,625,600), investment earnings (\$241,900), and rent and other miscellaneous income (\$984,000) encompass other general revenues which are applied toward governmental operations not covered by specific program or business-type revenues. Investment earnings include interest income and unrealized gains from market values.

Total expenditures exceed revenues by \$1,458,200, decreasing governmental citywide net assets by this amount.

*Expenditures and Program Revenues*

**Chart 4**

**Expenditures and Program Revenue Comparison in Governmental Activities**



**Table 5**  
**Governmental Activities**  
**(in Millions)**

Net (Expense) Revenue From Services	2002-03
General government	\$ (0.7)
Public safety	(13.0)
Public works	(2.9)
Highway and streets	(0.3)
Parks and recreation	(3.9)
Library	(1.5)
Community development	1.8
Interest on long-term debt	(0.8)
<b>Total</b>	<b>\$ (21.3)</b>

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

The Chart 4 and Table 5 on the previous page illustrate the difference between program revenues and expenses. Program revenues consist of capital and operating grants and contributions and fees for services. General City revenues not shown in the chart, such as property taxes, sales and transient occupancy taxes, motor vehicle in-lieu taxes, and investment earnings, cover the shortfall between program revenues and expenses.

- General government includes the City Council, City Manager's Office, City Treasurer, City Clerk's Office, City Attorney's Office, and Finance that are traditionally funded by general City revenues. The \$2,080,900 in program revenue primarily indirect cost charged to other City departments and business-type activities.
- Public safety (Police and Fire) patrol, investigation, dispatch, fire suppression, and fire prevention operations are funded by \$1,590,300 in vehicle, parking and non-vehicle, abandon vehicle abatement charges, State booking fee reimbursement, County narcotics task force reimburse, County paramedic reimbursement, and various fire inspection and permit fees. Revenue was divided between charges for services (\$911,700) and operating grants and contributions (\$652,600).
- Public Works department activities are funded by various inspection, permit, and plan check fees.
- Highway and streets activity was supported through Gas Tax, Measure A sales tax, and other grants, primarily from the state. Capital grants and contributions amounted to \$1,983,100 supported this general engineering function.
- A total of \$676,000 in charges for services are generated through class fees, recreation program charges, aquatics and sport program charges, and facility rental fees. Park-in-lieu fees and Federal grants and donations contribute toward senior programs.
- The Library's circulation, children's/young adult programs, information services, outreach, and technical services utilize \$106,900 in various state library grants. Along with \$69,700 in fines and services charges, these revenues support 14% of the Library's operating expenses.
- The Community Development Department generated \$1,864,700 in building and plan check review and permit fees. Together, these represent 47% of the department's operating expenses.
- The City accrued and paid \$840,400 in long-term debt interest during the fiscal year, resulting from the 2000 certificates of participation and two capital leases.

**Business-Type Activities**

**Table 6**  
**Business-type Net Assets at June 30**  
**(in Millions)**

	<u>2003</u>
Cash and investments	\$ 20.0
Other current assets	1.3
Capital assets	<u>25.5</u>
<b>Total assets</b>	<b>\$ 46.8</b>
Long-term debt outstanding	\$ 9.5
Other liabilities	<u>1.7</u>
<b>Total liabilities</b>	<b>\$ 11.2</b>
Net assets:	
Invested in capital assets, net of debt	\$ 15.8
Restricted	11.0
Unrestricted	<u>8.8</u>
<b>Total net assets</b>	<b><u>\$ 35.6</u></b>

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

The net assets of business-type activities increased \$652,900, primarily in the Water, Stormwater and Wastewater Funds. Capital assets amounted to \$25,465,200. Capital investments were funded by the \$3.2 million increase in long-term State Water Resources Control Board loans that will be paid back by ratepayers and joint city and agency users of the sewage treatment system. The \$652,900 change in business-type net assets is further explained as follows:

**Table 7**  
**Change in Business-type Net Assets 2002-03**  
**(in Millions)**

Net Revenues from Business-Type activities:	
Stormwater	\$ 0.4
Wastewater	\$ 0.8
Cable television	0.4
Total net revenues	<u>\$ 1.6</u>
General revenues:	
Loss on sale of asset	(0.2)
Transfers:	(0.8)
<b>Change in net assets</b>	0.6
Net assets-beginning	35.0
Net assets-ending	<u><u>\$ 35.6</u></u>

The \$1,599,100.3 million in net revenues from the Stormwater, Wastewater, and Cable Television Funds represents the excess of revenues from ratepayers over operating expenses and interest payments on the certificates of participation. The net revenues were deployed into the capital asset additions. The Water Enterprise Fund realized insignificant net revenues in 2002-03.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

### **Governmental Funds**

Governmental funds highlight the City's near-term inflows, outflows, and balances of spend able resources. Such information can be helpful in determining the City's financial status. Unreserved fund balance is a major indicator of designated and uncommitted resources available for spending in future fiscal years.

At June 30, 2003, the City's governmental funds reported combined fund balances of \$4,240,000, which is a decrease of \$3,492,200 or a 45% decrease compared with the prior year. Significant fund balance decreases occurred in the Redevelopment Agency and in capital projects (\$2,320,100), both the General Capital and Street Improvement Capital Projects Funds.

Total Governmental fund revenues this year amounted to \$32,505,200. General Fund revenues were relatively unchanged. Governmental fund expenditures totaled \$36,830,400. Of this decrease, \$1,091,900 was in the General Fund, \$2,119,800 was in the Redevelopment Agency, and the remainder in the non-Major Governmental funds. In 2002-03, overall governmental fund revenues were less than expenditures by \$4,325,200 and \$833,100 came from sale of assets and net transfers. The overall fund balance decreased by \$3,492,200.

### **Proprietary Funds**

Enterprise Fund net assets totaled \$35,634,400 at June 30, 2003. This resulted from 2002-03 net income, before transfers, of \$1,599,100, significantly below last year's net income of \$4,152,400.

Enterprise operating revenues were \$18,585,600 this year, up nearly \$310,000 from last year. Enterprise Fund operating expenses were \$16,986,500 in 2002-03, exceeding last year's expenses by \$14,123,400. The 2002-03

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

combined non-operating revenues and expenses resulted in an additional expense of \$21,548. A transfer of assets and transfers out for 2002-03 were less than in the prior year at \$967,700.

**Analysis of Major Governmental Funds**

***General Fund***

General Fund revenues were overall higher at \$24,919,400 this fiscal year, \$2,790,700 higher than last year, but \$1,574,900 below the General Fund's budget for revenues, as the effects of the national recession and Bay Area economic downturn continued. Flat property tax receipts, lower total investment income along with lower than expected sales and transient occupancy taxes, due to cuts in business travel and the weak Bay Area economy, converged in lowering the total General Fund revenues.

Property tax revenue growth remained flat, compared to last year, totaling \$4,356,700 with last year's total at \$4,409,000. Despite generally rising property value assessments resulting from the robust residential real estate sales market, gains were offset by lower assessment as the result of appeals. Gross sales taxes remained at the 2001-02 level. These results were more than \$510,000 below budget. Transient occupancy taxes (\$870,000) were \$30,000 below last year, but the City had budgeted this tax revenue to climb to \$1,300,000.

License and permit revenues at \$4,866,100 were \$2,021,400 higher than last year. Building permit and plan check fee increase by \$948,100 as a result of higher fees and increased building activity. Actual charges for service revenues at \$3,733,100 surpassed the budget and 2001-02 actual charges, by about \$1,800,000. The City Council reduced the General Fund subsidies to specialized programs and increased the indirect costs charged to other City departments and business-type activities. Fees collected from developers for reviewing their building plans also contributed to the improvement.

Use of money and property decreased dramatically to \$226,600 in 2002-03. Low interest rates and a declining General Fund (fund) balance resulted in the lower return. However, the low interest rate environment had a favorable effect on market value since the fixed interest rates on investments were higher than market interest rates. Intergovernmental revenues were significantly lower than in 2001-02 and compared to the 2002-03 budget. Fines and forfeitures were nearly unchanged between the two years.

General Fund expenditures in 2002-03 were \$132,300, or 0.5%, less than in 2001-02 reflecting savings realized from the City Council approved-Budget Deficit Response Plan. Freezing and not hiring for a number of vacant positions contributed to the savings.

Minor individual program fluctuations from last year's actual expenditures were as follows: Public safety (3%), Highways and streets (4%), Parks and recreation (4%), and Library (1%). The 2002-03 budget proposed only two additional positions impacting the General Fund. Increases in salaries and benefits, including retirement costs resulted in increased spending.

At June 30, 2003, the General Fund balance comprised \$4,862,800 in unreserved, undesignated dollars and \$194,700 in reserves for encumbrances. The \$4,862,800 unreserved, undesignated amount represents discretionary resources available for absorbing future expenditures that exceed revenues. The overall General Fund Balance decreased from \$5,524,200 to \$5,057,500 during 2002-03. In 2002-03, the General Fund's reserves absorbed the excess of expenditures over revenues.

***San Bruno Redevelopment Agency***

The San Bruno Redevelopment Agency first received tax increment in 2000-01. The City Council and the Redevelopment Agency approved the Redevelopment Plan and a single project area in 1999. Outside of the required \$336,300 (20% of tax increment revenues) allocated to the Low and Moderate Income Housing RDA Fund, \$722,600 of the \$1,058,900 in 2002-03 property tax increment received was used toward Agency operations



**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

and debt service. The \$1,058,900 in tax increment revenues was after deducting \$18,500 that was lost to the State in order to meet the State's funding obligation to schools.

***Federal Aviation Administration Grant Special Revenue Fund***

Revenue for the Aircraft Noise Insulation Project are received and expended in this fund, with the goal of sound insulating residential structures (and churches and care facilities) in San Bruno from jet noise emanating from San Francisco International Airport (SFO). The City is operating three funding phases (Phases 11, 12, and 13), out a total of thirteen phases and three MOU phases. The \$2,610,500 in project expenditures for 2002-03 was a decrease from the \$5,011,700 expended in the prior fiscal year. \$4,387,200 was budgeted in this fund, supported by grants from SFO. Since this is a multi-year project, unspent appropriations will continue into the next fiscal year. The current funding phases target a total of 400 houses, one nursing facility, and one church for completion.

***State Highway Special Revenue Fund***

The State Highway Special Revenue Fund provides for improvements to the streets and roadways within the City. Revenues over expenditures amounted to \$188,500. The Net Assts increase by the net income reducing the fund deficit to \$1,335,100.

***Other Governmental Funds***

Presented as a group in the Basic Financial Statements, these funds are individually presented as Supplementary Information.

**Analysis of Enterprise Funds**

***Water Fund***

The Water Fund reported operating income of \$54,900 in the current year, down from an operating income of \$1,659,100 in the prior year. Operating revenues decreased \$86,000 from the previous year as monthly water consumption dropped with the introduction of tiered rates. Operating expenses increased \$1,518,300 this year with a significant portion of the increase related to capital improvements. Net non-operating revenue decreased by \$57,600 based on lower investment earnings. The operating income and net non-operating expenses led to the net assets of this fund increasing \$227,300 to \$15,095,300.

A total of \$4,235,400 of the \$15,095,300 in this Fund's Net Assets was unrestricted at the fiscal year end. The restricted monies are earmarked for the capital improvements.

***Stormwater Fund***

Current year operating revenues from storm water assessment fees were fairly flat at \$561,200 compared to last year. Operating expenses rose from \$97,100 to \$178,500 this year, but still remained \$70,000 under budget, partly due to costs incurred to alleviate and deal with the threat of winter storms and local flooding. The expense increase resulted in an operating income decline to \$23,000 this year compared with \$67,000 last year. Along with interest income of \$26,000 and a one-time \$10,000 fund transfer out to purchase new engineering equipment, net assets rose \$39,000 to \$623,000 at June 30, 2003 with \$580,000 of the assets being unrestricted.

***Wastewater Fund***

The Wastewater Fund reported operating income of \$757,000 in the current year, down from an operating income of \$1,585,800 in the prior year. Operating revenues increased \$56,500 from the previous year. Operating expenses increased \$885,300 this year with a significant portion of the increase related to capital improvements.

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

Net non-operating revenue decreased by \$57,600 based on lower investment earnings. The operating income and net non-operating expense led to the net assets of this fund increasing \$130,800 to \$11,010,000.

A total of \$9,645,000 of the \$11,010,000 in this Fund's Net Assets was unrestricted at the fiscal year end. The restricted monies are earmarked for debt service on the certificate of participation financing.

***Cable Television Fund***

Current year operating revenues from cable television services amounted to \$6,649,900, 7 % higher than in 2001-02. Operating expenses rose 6%, or \$378,100 to \$6,245,400 this year, but still remained within budget. Transfers to other funds increased by \$642,700.

Net non-operating revenue decreased by \$57,600 based on lower investment earnings. The operating income of \$404,500 and net non-operating income of \$4,100 led to the net assets of this fund decreasing by \$240,200 to a total of \$8,146,400.

**CAPITAL ASSETS**

GASB Statement 34 requires the City to add infrastructure to its reportable capital assets as of the end of 2002-03. Infrastructure includes streets, drainage systems, and traffic control and safety devices. Previously, governments excluded the value of such property from their reports of fixed assets. The City has until the end of 2005-06 to fully report the depreciated value of all such assets acquired or built since 1980. Beginning this year and until the City can compile the list of infrastructure assets, the City shall report the infrastructure built or acquired annually and shall depreciate such assets over their useful lives. Also new for this year, the City reports the depreciated book value of other types of capital assets such as buildings, land, equipment and furniture existing as of the end of fiscal 2002-03, on a City-wide Statement of Net Assets. Such information is summarized below and is more completely detailed in Note 4 to the Basic Financial Statements. The City depreciates all its capital assets, except land.

At June 30, 2003, the City had \$42,894,400, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in Table 8 below:

**Table 8**  
**Capital Assets**  
**(in Millions) at June 30**

	<u>2003</u>	<u>2002</u>
<b><i>Governmental Activities:</i></b>		
Land	\$ 1.0	\$ 0.5
Buildings and improvements	8.9	8.0
Construction in progress	7.3	7.0
Equipment and vehicles	8.4	8.2
Infrastructure – streets*	0.5	-
Less accumulated depreciation	(8.7)	(0.5)
Totals	<u>\$ 17.4</u>	<u>\$ 23.2</u>
* Additions during the fiscal year only		
<b><i>Business-type Activities</i></b>		
Land	\$ 0.6	\$ 0.6
Improvements	24.3	20.9
Buildings and structures	1.5	1.2
Machinery and equipment	7.0	4.1
Construction in progress	2.9	0.6
Less accumulated depreciation	(10.8)	(10.2)
Totals	<u>\$ 25.5</u>	<u>\$ 17.2</u>

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

Non-depreciable asset additions amounted to \$373,700 and depreciable asset additions amounted to \$2,523,700 in 2002-03. Total accumulated depreciation increased to \$8,671,800. Total construction in progress increase to \$7,357,700 reflecting the new police facility as it reaches the point of occupancy; \$373,700 was added in 2002-03.

Significant Wastewater Fund projects began in 2001-02 in anticipation of the certificate of participation debt issuance in May 2002. Construction in progress additions amounted to \$2,486,900 and depreciable asset additions amounted to \$7,998,100 in 2002-03. The total for accumulated depreciation, after retirements amounting to \$1,668,500, increased by a total of \$634,700.

## DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 5 to the Basic Financial Statements. A summary of the City's outstanding debt for the past two fiscal years is as follows:

**Table 9**  
**Outstanding Debt at June 30**  
**(in Millions)**

	2003	2002
<b><i>Governmental activities</i></b>		
Certificates of participation	\$ 9.5	\$ 9.6
Capital leases	1.8	2.1
Compensating absences	1.2	1.4
	<u>\$ 12.4</u>	<u>\$ 13.1</u>
<b><i>Business-type Activities</i></b>		
Certificates of participation	<u>\$ 9.6</u>	<u>\$ 9.8</u>

No additions to long-term debt occurred in 2002-03 and the total balance was reduced by \$713,400. In January 2001 and March 2001, the City entered into capital leases for the acquisition of fire equipment. In December 2001, the City entered into a capital lease related to energy conservation improvements at various City buildings and with street lighting. In May 2002, the City issued certificates of participation for wastewater system improvements.

The Redevelopment Agency project area has outstanding certificates of participation that were issued in 2000 to fund the new police facility. Bond principal repayments, covered by Agency property tax increment revenues, amounted to \$145,000.

## Assessment District Debt

In June 1989, the City issued \$870,000 in limited obligation bonds for the Downtown Parking District No. 1. At June 30, 2003, a total of \$325,000 in special assessment debt was outstanding. Although the City bears no responsibility on the debt, it does act as the district's agent in the collection and remittance of the assessments.

**CITY OF SAN BRUNO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

**ECONOMIC OUTLOOK AND MAJOR ACCOMPLISHMENTS**

The economic outlook and major accomplishments of the City are discussed in the accompanying Transmittal Letter.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report is intended to provide readers with a general overview of the City's finances. Questions about this report or requests for additional financial information should be directed to the Finance Director, City of San Bruno, 567 El Camino Real, San Bruno, CA 94066, phone (650) 616-7023. The City's website is at [www.sanbruno.gov](http://www.sanbruno.gov).

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of San Bruno**  
**Statement of Net Assets**  
**June 30, 2003**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 8,735,445	\$ 14,688,134	\$ 23,423,579
Restricted pooled cash and investments	1,303,521	5,264,386	6,567,907
Receivables:			
Taxes	574,067	-	574,067
Accounts	668,319	12,753	681,072
Interest	153,580	-	153,580
Utilities	-	1,535,142	1,535,142
Other	94,053	16,623	110,676
Internal balances	162,088	(162,088)	-
Prepaid items	6,154	-	6,154
Total current assets	11,697,227	21,354,950	33,052,177
Noncurrent assets:			
Notes receivable	839,093	-	839,093
Land held for resale	566,020	-	566,020
Capital assets:			
Non-depreciable	8,320,052	3,459,254	11,779,306
Depreciable, net	9,109,141	22,005,925	31,115,066
Total capital asset	17,429,193	25,465,179	42,894,372
Total noncurrent assets	18,834,306	25,465,179	44,299,485
Total assets	30,531,533	46,820,129	77,351,662
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,554,731	1,122,570	2,677,301
Interest payable	209,750	-	209,750
Accrued salaries and employee benefits	1,155,889	-	1,155,889
Customer and other deposits	76,750	151,047	227,797
Payable to other agencies	382,080	-	382,080
Compensated absences - due within one year	93,309	267,097	360,406
Long-term debt - due within one year	474,154	185,000	659,154
Total current liabilities	3,946,663	1,725,714	5,672,377
Noncurrent liabilities:			
Claims payable	1,655,227	-	1,655,227
Compensated absences - due in more than one year	1,156,312	-	1,156,312
Long-term debt - due in more than one year	10,792,097	9,460,000	20,252,097
Total noncurrent liabilities	13,603,636	9,460,000	23,063,636
Total liabilities	17,550,299	11,185,714	28,736,013
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,953,192	15,820,179	21,773,371
Restricted for:			
Capital projects	2,851,797	1,405,798	4,257,595
Debt service	464,990	9,645,000	10,109,990
Community development	662,472	-	662,472
Special projects	887,075	-	887,075
Total restricted	4,866,334	11,050,798	15,917,132
Unrestricted	2,161,708	8,763,438	10,925,146
Total net assets	\$ 12,981,234	\$ 35,634,415	\$ 48,615,649

See accompanying Notes to Basic Financial Statements.

# City of San Bruno

## Statement of Activities and Changes in Net Assets

For the year ended June 30, 2003

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 3,524,854	\$ 2,816,279	\$ -	\$ -	\$ 2,816,279
Public safety	14,601,621	911,713	652,561	26,065	1,590,339
Public works	3,022,208	79,942	73,594	5,000	158,536
Highway and streets	2,367,286	31,342	-	1,983,101	2,014,443
Parks and recreation	4,764,135	676,044	154,647	33,470	864,161
Library	1,724,643	103,380	137,483	-	240,863
Community development	3,623,893	1,864,736	-	3,627,251	5,491,987
Interest on long-term debt	840,447	-	-	-	-
Total governmental activities	34,469,087	6,483,436	1,018,285	5,674,887	13,176,608
Business-type activities:					
Water	5,995,458	6,050,315	-	-	6,050,315
Stormwater	178,496	561,213	-	-	561,213
Wastewater	4,567,164	5,324,186	-	-	5,324,186
Cable television	6,245,402	6,649,865	-	-	6,649,865
Total business-type activities	16,986,520	18,585,579	-	-	18,585,579
Total primary government	\$ 51,455,607	\$ 25,069,015	\$ 1,018,285	\$ 5,674,887	\$ 31,762,187

### General Revenues:

#### Taxes and fees:

Property taxes

Sales taxes

Nonregulatory business license taxes

Motor vehicle fees

Other taxes

Total taxes and fees

Investment earnings

Miscellaneous

Gain (loss) on sale of assets

#### Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated (Note 12)

Net assets - end of year

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (708,575)	\$ -	\$ (708,575)
(13,011,282)	-	(13,011,282)
(2,863,672)	-	(2,863,672)
(352,843)	-	(352,843)
(3,899,974)	-	(3,899,974)
(1,483,780)	-	(1,483,780)
1,868,094	-	1,868,094
(840,447)	-	(840,447)
(21,292,479)	-	(21,292,479)
-	54,857	54,857
-	382,717	382,717
-	757,022	757,022
-	404,463	404,463
-	1,599,059	1,599,059
(21,292,479)	1,599,059	(19,693,420)
5,619,008	-	5,619,008
6,110,242	-	6,110,242
3,361,213	-	3,361,213
2,543,771	-	2,543,771
974,185	-	974,185
18,608,419	-	18,608,419
241,873	21,548	263,421
478,292	-	478,292
(291,482)	(170,568)	(462,050)
797,149	(797,149)	-
19,834,251	(946,169)	18,888,082
(1,458,228)	652,890	(805,338)
14,439,462	34,981,525	49,420,987
\$ 12,981,234	\$ 35,634,415	\$ 48,615,649

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# FUND FINANCIAL STATEMENTS

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**City of San Bruno**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2003**

	Major Funds			
	General	Redevelopment Agency	Federal Aviation Administration Grant Special Revenue	State Highway Special Revenue
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,379,579	\$ 1,192,693	\$ -	\$ -
Restricted pooled cash and investments	-	1,163,003	-	-
Receivables:				
Taxes	534,899	-	-	-
Accounts	592,294	-	-	76,025
Interest	153,580	-	-	-
Other	-	-	-	-
Due from other funds	3,575,682	-	-	-
Long term note receivable/other assets	559,000	280,093	-	-
Prepaid	6,154	-	-	-
Land held for resale	-	566,020	-	-
Advances to other funds	318,700	-	-	-
<b>Total assets</b>	<b>\$ 7,119,888</b>	<b>\$ 3,201,809</b>	<b>\$ -</b>	<b>\$ 76,025</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 479,771	\$ 772,797	\$ 9,504	\$ -
Accrued salaries and employee benefits	1,155,889	-	-	-
Due to other funds	350,000	459,400	520,182	1,401,082
Compensated absences	-	3,475	-	-
Advances from other funds	-	2,748,200	-	-
Customer and other deposits	76,750	-	-	-
Payable to other agencies	-	382,080	-	-
<b>Total liabilities</b>	<b>2,062,410</b>	<b>4,365,952</b>	<b>529,686</b>	<b>1,401,082</b>
<b>Fund Balances:</b>				
Reserved:				
Encumbrances	194,668	-	-	-
Advances to other funds	318,700	-	-	-
Land held for resale	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Donations	-	-	-	-
Unreserved, undesignated, reported in:				
General fund	4,544,110	-	-	-
Special Revenue funds	-	(1,164,143)	(529,686)	(1,325,057)
<b>Total fund balances</b>	<b>5,057,478</b>	<b>(1,164,143)</b>	<b>(529,686)</b>	<b>(1,325,057)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,119,888</b>	<b>\$ 3,201,809</b>	<b>\$ -</b>	<b>\$ 76,025</b>

See accompanying Notes to Basic Financial Statements.

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Other Governmental Funds	Total Governmental Funds
\$ 3,303,165	\$ 5,875,437
84,318	1,247,321
39,168	574,067
-	668,319
-	153,580
94,053	94,053
-	3,575,682
-	839,093
-	6,154
-	566,020
-	318,700
<u>\$ 3,520,704</u>	<u>\$ 13,918,426</u>

\$ 124,250	\$ 1,386,322
-	1,155,889
1,195,018	3,925,682
-	3,475
-	2,748,200
-	76,750
-	382,080
<u>1,319,268</u>	<u>9,678,398</u>

22,229	216,897
-	318,700
-	-
-	-
-	-
315,926	315,926
-	4,544,110
<u>1,863,281</u>	<u>(1,155,605)</u>
<u>2,201,436</u>	<u>4,240,028</u>
<u>\$ 3,520,704</u>	<u>\$ 13,918,426</u>

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# City of San Bruno

## Reconciliation of the Governmental Funds Balance Sheet

### to the Government-Wide Statement of Net Assets

June 30, 2003

Total Fund Balances - Total Governmental Funds

\$ 4,240,028

Amounts reported for governmental activities in the Statement of Net Assets were different because:

	Government Wide Statement of Net Assets	Redevelopment Agency Fund	Internal Service Funds	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:				
Non-depreciable	\$ 8,320,052	\$ -	\$ -	8,320,052
Depreciable, net	9,109,141	-	(564,618)	8,544,523
Total capital assets	<u>\$ 17,429,193</u>	<u>\$ -</u>	<u>\$ (564,618)</u>	<u>16,864,575</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.

(209,750)

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets:

Central Garage	196,990
Self-Insurance	(1,547,271)
General Equipment Reserve	4,468,180
Technology Development	906,612
Facilities Maintenance	499,413
Total internal service funds	<u>4,523,924</u>

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Compensated absences - due within one year	\$ (93,309)	\$ -	\$ -	(93,309)
Compensated absences - due in more than one year	(1,156,312)	3,475	74,854	(1,077,983)
Long-term debt - due within one year	(474,154)	-	-	(474,154)
Long-term debt - due in more than one year	(10,792,097)	-	-	(10,792,097)
Total long-term liabilities	<u>\$ (12,515,872)</u>	<u>\$ 3,475</u>	<u>\$ 74,854</u>	<u>(12,437,543)</u>

Net Assets of Governmental Activities

\$ 12,981,234

# City of San Bruno

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2003

	Major Funds			
	General	Redevelopment Agency	Federal Aviation Administration Grant Special Revenue	State Highway Special Revenue
<b>REVENUES:</b>				
Taxes	\$ 14,188,320	\$ 1,058,887	\$ -	\$ -
Licenses and permits	4,866,084	-	-	-
Intergovernmental	1,250,017	-	2,223,576	153,471
Charges for services	3,733,066	-	-	-
Fines and forfeitures	417,507	-	-	-
Use of money and property	226,592	29,851	-	-
Other	237,820	42,992	1,406,075	76,025
<b>Total revenues</b>	<b>24,919,406</b>	<b>1,131,730</b>	<b>3,629,651</b>	<b>229,496</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,891,821	-	-	-
Public safety	13,354,447	-	-	-
Public works	2,899,492	-	-	-
Highways and streets	1,453,182	-	-	40,966
Parks and recreation	3,806,410	-	-	-
Library	1,605,989	-	-	-
Community development	-	955,042	2,610,471	-
Capital outlay	-	840,191	-	-
Debt service:				
Principal	-	145,000	-	-
Interest and fiscal charges	-	745,345	-	-
<b>Total expenditures</b>	<b>26,011,341</b>	<b>2,685,578</b>	<b>2,610,471</b>	<b>40,966</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,091,935)</b>	<b>(1,553,848)</b>	<b>1,019,180</b>	<b>188,530</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	14,330	-	-	-
Transfers in	2,271,149	-	-	-
Transfers out	(1,660,300)	(566,000)	-	-
<b>Total other financing sources (uses)</b>	<b>625,179</b>	<b>(566,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(466,756)</b>	<b>(2,119,848)</b>	<b>1,019,180</b>	<b>188,530</b>
<b>FUND BALANCES:</b>				
Beginning of year, as restated	5,524,234	955,705	(1,548,866)	(1,513,587)
End of year	<u>\$ 5,057,478</u>	<u>\$ (1,164,143)</u>	<u>\$ (529,686)</u>	<u>\$ (1,325,057)</u>

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Other Governmental Funds	Total Governmental Funds
\$ 1,563,617	\$ 16,810,824
-	4,866,084
783,034	4,410,098
67,567	3,800,633
10,777	428,284
49,981	306,424
119,933	1,882,845
<u>2,594,909</u>	<u>32,505,192</u>

-	2,891,821
195,998	13,550,445
29,624	2,929,116
742,296	2,236,444
396,243	4,202,653
4,713	1,610,702
-	3,565,513
3,144,579	3,984,770
302,867	447,867
99,759	845,104
<u>4,916,079</u>	<u>36,264,435</u>
<u>(2,321,170)</u>	<u>(3,759,243)</u>

-	14,330
1,709,064	3,980,213
<u>(1,501,163)</u>	<u>(3,727,463)</u>
<u>207,901</u>	<u>267,080</u>
(2,113,269)	(3,492,163)

<u>4,314,705</u>	<u>7,732,191</u>
<u>\$ 2,201,436</u>	<u>\$ 4,240,028</u>

City of San Bruno

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds

\$
(3,492,163)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.

2,889,064

Proceeds from sale of property was a revenue in governmental funds, but the net realized value of the capital assets was reduced in the Government-Wide Statement of Net Assets.

(305,812)

	Government-Wide Statement of Activities	Internal Service Funds	
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.	\$ (570,451)	\$ 137,814	(432,637)

Payment of compensated absences was an expenditure in governmental funds, but the payment reduced compensated absences liabilities in the Government-Wide Statement of Net Assets.

265,545

Repayment of long-term debt principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.

447,867

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the change in accrued interest prior year.

4,657

Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net change in net assets of the internal service funds was reported with governmental activities.

(834,749)

Change in Net Assets of Governmental Activities

\$
(1,458,228)

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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**City of San Bruno**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2003**

	Water	Stormwater	Wastewater	Cable Television
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 5,444,221	\$ 1,285,629	\$ 7,860,004	\$ 98,280
Restricted pooled cash and investments	-	-	5,264,386	-
Receivables:				
Accounts	-	-	8,894	3,859
Interest	-	-	-	-
Utilities	811,442	-	723,700	-
Other	-	16,623	-	-
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	-
Inventory	-	-	-	-
Total current assets	6,255,663	1,302,252	13,856,984	102,139
Noncurrent assets:				
Capital assets:				
Nondepreciable	1,482,640	-	1,476,614	500,000
Depreciable, net	7,971,387	242,566	5,868,846	7,923,126
Total capital asset	9,454,027	242,566	7,345,460	8,423,126
Total noncurrent assets	9,454,027	242,566	7,345,460	8,423,126
Total assets	15,709,690	1,544,818	21,202,444	8,525,265
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	398,899	-	499,024	224,647
Refundable deposits/customer refunds	151,047	-	-	-
Interest payable	-	-	-	-
Due to other funds	-	162,088	-	-
Claims payable	-	-	-	-
Compensated absences	64,491	-	48,393	154,213
Long-term debt - due within one year	-	-	185,000	-
Total current liabilities	614,437	162,088	732,417	378,860
Noncurrent liabilities:				
Long-term debt - due in more than one year	-	-	9,460,000	-
Total noncurrent liabilities	-	-	9,460,000	-
Total liabilities	614,437	162,088	10,192,417	378,860
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	9,454,027	242,566	(2,299,540)	8,423,126
Restricted for:				
Capital projects	1,405,798	-	-	-
Debt service	-	-	9,645,000	-
Special projects	-	-	-	-
Unrestricted	4,235,428	1,140,164	3,664,567	(276,721)
Total net assets	\$ 15,095,253	\$ 1,382,730	\$ 11,010,027	\$ 8,146,405

See accompanying Notes to Basic Financial Statements.

		Governmental Activities Internal Service Funds	
Total			
\$ 14,688,134	\$ 2,860,008		
5,264,386	56,200		
12,753	-		
-	-		
1,535,142	-		
16,623	-		
-	1,565,972		
-	2,429,500		
-	-		
21,517,038	6,911,680		
3,459,254	-		
22,005,925	564,618		
25,465,179	564,618		
25,465,179	564,618		
46,982,217	7,476,298		
1,122,570	168,409		
151,047	-		
-	-		
162,088	1,053,884		
-	1,655,227		
267,097	74,854		
185,000	-		
1,887,802	2,952,374		
9,460,000	-		
9,460,000	-		
11,347,802	2,952,374		
15,820,179	564,618		
1,405,798	-		
9,645,000	-		
-	56,200		
8,763,438	3,903,106		
\$ 35,634,415	\$ 4,523,924		

# City of San Bruno

## Statement of Revenues, Expenses and Changes in Net Assets

### Proprietary Funds

For the year ended June 30, 2003

	Water	Stormwater	Wastewater	Cable Television
<b>OPERATING REVENUES:</b>				
Water sales	\$ 5,728,421	\$ -	\$ -	\$ -
Sewer charges	-	-	5,196,390	-
Cable television charges	-	-	-	5,178,769
Charges for current services	186,429	-	88,919	1,423,374
Other	135,465	561,213	38,877	47,722
<b>Total operating revenues</b>	<b>6,050,315</b>	<b>561,213</b>	<b>5,324,186</b>	<b>6,649,865</b>
<b>OPERATING EXPENSES:</b>				
Water supply	2,401,279	-	-	-
Distribution	1,766,091	-	-	-
Customer accounting	757,658	-	-	-
Transmission	-	-	2,135,730	-
Treatment	-	-	2,046,502	-
Cable operations	-	-	-	5,840,259
Central garage	-	-	49,881	31,741
Insurance premiums, claims and administration	136,700	-	114,600	151,200
Equipment replacement	182,175	139,463	-	-
Technology support	-	-	3,369	47,325
Facilities maintenance	287,000	3,379	12,637	46,981
Depreciation	464,555	35,654	204,445	127,896
<b>Total operating expenses</b>	<b>5,995,458</b>	<b>178,496</b>	<b>4,567,164</b>	<b>6,245,402</b>
<b>OPERATING INCOME (LOSS)</b>	<b>54,857</b>	<b>382,717</b>	<b>757,022</b>	<b>404,463</b>
<b>NONOPERATING REVENUES EXPENSES:</b>				
Interest income	166,394	28,447	294,512	4,133
Interest expense and fiscal charges	-	-	(471,938)	-
<b>Total nonoperating revenues (expenses)</b>	<b>166,394</b>	<b>28,447</b>	<b>(177,426)</b>	<b>4,133</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>221,251</b>	<b>411,164</b>	<b>579,596</b>	<b>408,596</b>
Transfers of assets	6,028	278,220	(448,788)	(6,028)
Transfers in	-	-	-	-
Transfers out	-	(190,400)	-	(606,749)
<b>Change in net assets</b>	<b>227,279</b>	<b>498,984</b>	<b>130,808</b>	<b>(204,181)</b>
<b>NET ASSETS:</b>				
Beginning of year, as restated	14,867,974	883,746	10,879,219	8,350,586
End of year	\$ 15,095,253	\$ 1,382,730	\$ 11,010,027	\$ 8,146,405

See accompanying Notes to Basic Financial Statements.

Total	Governmental Activities Internal Service Funds
\$ 5,728,421	\$ -
5,196,390	-
5,178,769	-
1,698,722	3,388,476
783,277	225
18,585,579	3,388,701
2,401,279	-
1,766,091	-
757,658	-
2,135,730	-
2,046,502	-
5,840,259	-
81,622	506,422
402,500	2,218,447
321,638	221,263
50,694	808,558
349,997	875,345
832,550	137,814
16,986,520	4,767,849
1,599,059	(1,379,148)
493,486	-
(471,938)	-
21,548	-
1,620,607	(1,379,148)
(170,568)	-
-	775,000
(797,149)	(230,601)
652,890	(834,749)
34,981,525	5,358,673
\$ 35,634,415	\$ 4,523,924

# City of San Bruno

## Statement of Cash Flows

### Proprietary Funds

For the year ended June 30, 2003

	Water	Stormwater	Wastewater	Cable Television
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers/other funds	\$ 5,962,433	\$ (9,202)	\$ 5,294,568	\$ 6,666,186
Cash payments to suppliers for goods and services	(5,434,356)	(166,411)	(4,039,494)	(6,119,518)
Cash received from (payments to) others	496,999	723,301	(541,973)	27,258
Net cash provided (used) by operating activities	1,025,076	547,688	713,101	573,926
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	-	-
Transfers out	-	(190,400)	-	(606,749)
Net cash provided by noncapital financing activities	-	(190,400)	-	(606,749)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Net changes in capital assets	(1,021,158)	-	(1,755,159)	(177,274)
Long-term debt repayment	-	-	(197,648)	-
Interest expense and fiscal charges	-	-	(471,938)	-
Net cash provided (used) by capital and related financing activities	(1,021,158)	-	(2,424,745)	(177,274)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	166,394	28,447	294,512	4,133
Net cash provided (used) by investing activities	166,394	28,447	294,512	4,133
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	170,312	385,735	(1,417,132)	(205,964)
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	5,273,909	899,894	14,541,522	304,244
End of year	\$ 5,444,221	\$ 1,285,629	\$ 13,124,390	\$ 98,280
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>				
Pooled cash and investments	\$ 5,444,221	\$ 1,285,629	\$ 7,860,004	\$ 98,280
Restricted pooled cash and investments	-	-	5,264,386	-
Total	\$ 5,444,221	\$ 1,285,629	\$ 13,124,390	\$ 98,280

Total	Governmental Activities	
	Internal Service Funds	
\$ 17,913,985	\$	3,388,701
(15,759,779)		(4,534,602)
705,585		(100,651)
2,859,791		(1,246,552)
-		775,000
(797,149)		(230,601)
(797,149)		544,399
(2,953,591)		42,992
(197,648)		-
(471,938)		-
(3,623,177)		42,992
493,486		-
493,486		-
(1,067,049)		(659,161)
21,019,569		3,575,369
\$ 19,952,520	\$	2,916,208
\$ 14,688,134		2,860,008
5,264,386		56,200
\$ 19,952,520	\$	2,916,208

**City of San Bruno**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2003**

	Water	Stormwater	Wastewater	Cable Television
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>				
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 54,857	\$ 382,717	\$ 757,022	\$ 404,463
Adjustments to reconcile operating income (loss)				
to net cash provided (used) by operating activities:				
Depreciation	464,555	35,654	204,445	127,896
Changes in assets and liabilities:				
Receivables	47,583	(9,202)	9,259	64,043
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	-
Inventory	287,000	-	-	20,562
Deferred charges	-	-	427,533	-
Accounts payable	96,547	(23,569)	323,225	(2,012)
Interest payable	-	-	-	-
Refundable deposits	74,960	-	-	-
Advances from other funds	-	162,088	(1,000,000)	-
Claims payable	-	-	-	-
Compensated absences	(426)	-	(8,383)	(41,026)
<b>Total adjustments</b>	<b>970,219</b>	<b>164,971</b>	<b>(43,921)</b>	<b>169,463</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,025,076</b>	<b>\$ 547,688</b>	<b>\$ 713,101</b>	<b>\$ 573,926</b>

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	Governmental Activities Internal Service Funds
<u>Total</u>	
\$ 1,599,059	\$ (1,379,148)
832,550	137,814
111,683	-
-	(639,030)
-	154,400
307,562	-
427,533	-
394,191	72,550
-	-
74,960	29,143
(837,912)	-
-	354,836
(49,835)	22,883
<u>1,260,732</u>	<u>132,596</u>
<u>\$ 2,859,791</u>	<u>\$ (1,246,552)</u>



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# **FIDUCIARY FUND FINANCIAL STATEMENTS**

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**City of San Bruno**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2003**

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	Total Agency Funds
<hr/>	
<b>ASSETS</b>	
Pooled cash and investments	\$ 273,503
Accounts receivable	495,123
Due from developers	324,000
	<hr/>
<b>Total assets</b>	<b>\$ 1,092,626</b>
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 8,002
Customer and other deposits	436,874
Payable to others	647,750
	<hr/>
<b>Total liabilities</b>	<b>\$ 1,092,626</b>
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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of San Bruno**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of San Bruno, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. Reporting Entity**

The City of San Bruno (City) was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City is governed by an elected five-member City Council. The City operates under a Council-Manager form of government and provides public safety including police protection and fire protection, streets and street lighting, parks, recreation, public improvements, planning and zoning, and general government services. Activities operated similar to a business include the municipal water, sewer/wastewater utilities and cable television enterprises.

Generally accepted accounting principles require that these basic financial statements present the financial activities of the City (the primary government) and its component units. Component units are legally separate entities for which the City is considered financially accountable. In addition, component units can be other organizations for which primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following component units are included in the accompanying basic financial statements of the City.

- Redevelopment Agency of the City of San Bruno

The above component units are included in the City's basic financial statements using the blended method since the governing body of these component units are substantially the same as the governing body of the City and these component units provide service entirely to the City.

Detailed financial statements are available for the above component units from the City's Finance Department.

**B. Basis of Accounting and Measurement Focus**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

The basic financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989 to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989 except those that conflict with or contradict GASB pronouncements.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except the revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Change in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. *Use of Restricted/Unrestricted Net Assets***

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

**D. *Pooled Cash and Investments***

The City pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Equity in City Treasury Cash in All Funds or Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

The City also participates in an investment pool managed by the County of San Mateo titled San Mateo County Pooled Investment Fund (Pool) which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. The Pool's investments are subject to credit risk with collateral being provided based on the specific type of investment as described in the Investment Policy in effect for the Pool. In addition, these Structured Notes and Asset Backed Securities are subject to market risk as to change in interest rates.

**E. *Property Tax Revenue***

Property taxes attach as an enforceable lien on property. Secured and unsecured property taxes are levied on January 1. Secured property taxes are payable in two installments, on November 1 and February 1 of each year, and become delinquent on December 10 and April 10, respectively. Unsecured property tax lien date is January 1 and becomes delinquent on August 31. The County of San Mateo, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The County is permitted by State law to levy property taxes at 1% of full market value (at time of purchase) and can increase property assessed value no more than 2% per year.



City of San Bruno  
Notes to Basic Financial Statements, Continued  
For the year ended June 30, 2003

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Inventory

Inventory, consisting of gasoline and office supplies, is stated at cost using the first-in/first-out (FIFO) basis and is controlled by a perpetual inventory system which is adjusted to reflect periodic physical counts. Inventories are recorded as expenditures when consumed.

G. Land Held for Resale

Land held for resale is recorded at the lower of acquisition cost or net realizable value.

H. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans)." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$10,000
Infrastructure Capital Assets	\$100,000

For capital assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Sewer Treatment Plant and Transmission Lines	60 years
Buildings and Improvements	20 - 25 years
Machinery and Equipment	3 - 15 years
Infrastructure	25 - 50 years

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***I. Capital Assets, Continued***

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has elected to defer recording and reporting of its major general infrastructure assets acquired prior to fiscal year 2002-2003.

***J. Interest Payable***

In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the fund financial statements, propriety fund types recognize the interest payable when the liability is incurred.

***K. Long-Term Liabilities***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, it does not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

***L. Compensated Absences***

City employees have vested interest in varying levels of vacation, sick leave and compensatory time based on their length of employment. It is the policy of the City to pay all accumulated vacation pay, up to a maximum of 30 working days, and a portion of sick pay, if eligible, when an employee retires or terminates. The liabilities for compensated absences are included in the governmental and business-type activities of the Government-Wide financial statements.

***M. Compensated Absences***

In the fund financial statements, the liabilities for compensated absences for proprietary funds are recorded in those funds when incurred.

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**N. Net Assets**

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**O. Fund Balance - Reserves and Designations**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Description of fund reservations are as follows:

Encumbrances - Reserved for purchase orders, contracts or other commitments for expenditures.

Advance to Other Funds - Reserved for use in repayment of long-term interfund loans.

Donations - Reserved for donations received that were pledged for specific purposes by outside parties.

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires City management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Q. Reclassifications**

Certain reclassifications may have been made to the prior year totals in order to conform to the current year presentation.

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**R. Implementation of New GASB Pronouncements**

In 2003, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*
- Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*
- Statement No. 38, *Certain Financial Statement Note Disclosures*

GASB Statement No. 34 is a new financial reporting requirement for local governments in the United States. The City has implemented this pronouncement and has restructured much of the information that it has presented in the past. The main goal is to make the reports more comprehensive and easier to understand and use.

GASB Statement No. 37 addresses selected issues and amends GASB Statement No. 21, *Accounting for Escheat Property*, and No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. These Statements make selective changes including accounting for Escheat Property, Management's Discussion and Analysis, Capitalization of Construction - Period Interest, Modified Approach for Reporting Infrastructure, Program Revenues and Major Fund Criteria.

GASB Statement No. 38 establishes and modifies disclosure requirements related to Summary of Significant Accounting Policies, actions taken to address violations of significant finance - related legal and contractual provisions, debt and lease obligations, short-term debt, disaggregation of receivable and payable balances, and interfund balances and transfers.

**2. CASH AND INVESTMENTS**

The City pools its cash and investments of all funds for investing, except for certain restricted funds, which are held and invested by independent outside custodians through contractual agreements. These restricted funds include cash held by fiscal agents.

**A. Deposits**

At June 30, 2003, the carrying amount of the City's cash deposits was \$(417,531). Bank balances before reconciling items total \$445,273 of which \$100,000 was insured and \$345,273 was collateralized.

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral is considered to be held in the City's name and places the City ahead of general creditors of the institution. The City has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The City's dependence on property tax receipts, which are received semi-annually, requires the City to maintain significant cash reserves to finance operations during the remainder of the year.

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**2. CASH AND INVESTMENTS, Continued**

***B. Investments***

The City's investments are limited to those allowable under State statutes as incorporated into the City's Investment Policy that is even more conservative than that allowed by State statute. The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City:

- Local Agency Investment Fund (State of California)
- U.S. Treasury Obligations
- U.S. Government Agency Securities
- Medium Term Notes
- Bankers Acceptances
- Repurchase Agreements
- Commercial Paper of United States corporations
- Passbook Savings
- Mutual Funds (invested solely in authorized investments)
- San Mateo County Investment Pool
- Certificates of Deposit

The City has not entered into reverse repurchase agreements during fiscal year 2002-2003.

***C. Local Agency Investment Fund***

The City invests in the Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The City's investments with LAIF at June 30, 2003, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2003, the City had \$1,701,415 invested in LAIF, which had invested 2.327% of the pool investments funds in Structured Notes and Asset-Backed Securities.

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

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**2. CASH AND INVESTMENTS, Continued**

***D. San Mateo County Pooled Investment Fund***

The City invests in the San Mateo County Pooled Investment Fund (Pool) an external investment pool. The Pool determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The City's investments with the Pool at June 30, 2003, include a portion of the pool funds invested in Asset-Backed Securities. These investments may include the following:

- Asset-backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2003, the City had \$20,409,438 invested in the Pool.

***E. Risk Category***

In accordance with GASB Statement No. 3, cash deposits and investments are categorized separately to give an indication of the level of risk assumed by the City:

**Deposits**

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent's name.

Category 3 - Deposits which are uninsured or uncollateralized.

**Investments**

Category 1 - Insured or registered, with securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. The City has no investments in risk category 2.

Category 3 - Uninsured and unregistered securities held by the counterparty, or by its trust department or agent but not in the City's name.

Uncategorized - Certain cash deposits and investments are not subject to categorization. Investments in LAIF are not categorized, as GASB Statement No. 3 does not require categorization of investment pools managed by another government. Certain fiscal agent investments are not categorized because of the open-ended mutual funds. Such investments are not required to be categorized under interpretative guidelines issued by the GASB.

**City of San Bruno**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2003**

**2. CASH AND INVESTMENTS, Continued**

***E. Risk Category, Continued***

The following is a summary of pooled cash and investments, including restricted cash and investments at June 30, 2003:

	Government-Wide Statement of Net Assets			Funds Financials	
	Governmental Activities	Business Type Activities	Total	Fiduciary Funds Statement of	
				Net Assets	Total
<i>Cash and Investments</i>	\$ 8,735,445	\$ 14,688,134	\$ 23,423,579	\$ 273,503	\$ 23,697,082
<i>Restricted Cash and Investments:</i>					
Held by fiscal agents	\$ 1,303,521	\$ 5,264,386	\$ 6,567,907	\$ -	\$ 6,567,907

At June 30, 2003, the City's cash and investments, including restricted funds, classified by risk category consisted of the following:

	Category 1	Category 3	Uncategorized	Fair Value
<i>Cash Deposits:</i>				
Demand cash deposits	\$ (417,531)	\$ -	\$ -	\$ (417,531)
<i>Investments:</i>				
Local Agency Investment Fund	-	-	1,701,415	1,701,415
San Mateo County Pool	-	-	20,409,438	20,409,438
Securities of U.S. Government Agencies	-	-	2,003,760	2,003,760
Total investments	-	-	24,114,613	24,114,613
Total pooled cash and investments	(417,531)	-	24,114,613	23,697,082
<i>Restricted pooled cash and investments</i>	-	6,567,907	-	6,567,907
Total cash and investments	\$ (417,531)	\$ 6,567,907	\$ 24,114,613	\$ 30,264,989

***F. Summary of Investments to Maturity***

Investments held in the City grouped by maturity date at June 30, 2003, are shown below:

Maturity	
Current to One Year	\$ 22,110,853
One to Two Years	2,003,760
Total	\$ 24,114,613